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STATE FOR WHA/CAR (WBENT), WHA/EPSC (JSLATTERY), DRL

SANTO DOMINGO FOR FCS AND FAS

TREASURY FOR L LAMONICA

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SUBJECT: LABOR TURMOIL CONTINUES IN JAMAICA

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¶1. (U) Summary: There is no end in sight to the spate of industrial disputes rocking Jamaica (reftel). During the last week the country has had to address unrest at the Jamaica Aluminum Company (JAMALCO) and strike action at three GOJ-operated sugarcane factories. The ongoing dispute at JAMALCO is particularly troubling given that the company is in the midst of a USD 870 million expansion program to double its refining capacity. Strikes from public sector workers are also possible following their rejection of a 20 percent wage cap. End summary.

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JAMALCO DISPUTE: Union Outraged Over Ultimatum  
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¶2. (SBU) On April 10, emboff spoke with General Secretary of the Union of Technical, Administrative and Supervisory Professionals (UTASP), St. Patrice Ennis, to get his position on the Jamaica Aluminum Company (JAMALCO) dispute. Ennis made it clear that UTASP has always had a rocky relationship with management and was engaged in a court action against the company on behalf of 250 workers classified as contractors, but employed under the same terms and conditions as full-time employees. Regarding the current impasse, Ennis noted that both parties were agreed on most components of the contract, including a 33 percent wage increase. However, they remained divided on issues such as motor vehicle upkeep, interest-free loans, educational benefits and the indexation of salaries to inflation, which exists at other bauxite companies. Ennis noted that management refused to meet further with the union until their proposals were accepted, a position he refers to as 'gross insolence.'

¶3. (SBU) Against this background, he said, the union served a 72-hour strike notice on the company, but the new Minister of Labor, Derrick Kellier, obtained a court injunction to postpone the industrial action. Ennis, who maintains the Minister acted on bad advice, said the union was initially inclined to defy the court action. Although the workers were angry with government, in the end the union decided against confrontation. Nevertheless, "the Minister's use of the court as a weapon against the union runs counter to the precepts of the ILO," he said. Ennis suggested that the company's offer should be better, given huge industry profits and costs down by almost 30 percent. JAMALCO, he stated, was twice as efficient as any other producer in the industry and had also received a waiver on the GOJ bauxite levy.

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JAMALCO Strident In Its Position  
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14. (SBU) JAMALCO Public Relations Manager Brian Doy told Emboff that UTASP issued the strike ultimatum while negotiations were in progress, which is unusual. Doy claimed that a very competitive package was on the table, but by threatening to strike, UTASP was placing the offer at risk. He said that the union was deliberately trying to draw out the negotiations, hoping to pressure management into a better settlement. Doy pointed out that the company has been engaged in intense negotiations for the last nine months during which management made a number of concessions. He said the company consulted with the other players in the sector and JAMALCO'S offer was equal to or better than all other settlements in the industry.

15. (SBU) Doy said that the expansion was already underway with a USD 77 million investment to increase production capacity. However, the remaining USD 800 million investment was contingent on the GOJ signing a natural gas agreement with Trinidad and Tobago. When asked how the dispute might impact the next phase of expansion, Doy stated that ALCOA has opportunities all over the world and that continued industrial unrest could not be in the best interest of the country, as projects must be completed within time and budget. Emboff also inquired about the supply of skilled labor for the project. The JAMALCO official pointed out that the core of the workforce (1,700 workers) was undergoing training at the National Training Agency (NTA), but another 1,300 would be required at peak. Doy expressed satisfaction with the quality of the NTA and

KINGSTON 00000748 002 OF 003

even told emboff that the company sent a welder from the program to a trade show in Las Vegas, where he finished second in the welding competition.

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Sugar Strikes Hamper Production  
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16. (SBU) The GOJ-run Sugar Company of Jamaica (SCJ) on April 12 finally persuaded workers to return to the fields following strike action at three of the factories: Duckenfield, Monymusk, and Frome. The actions in these cases, however, revolve around management rather than money. Workers at all three have called for the top management to be dismissed, citing incompetence. The workers returned, however, after an emergency meeting was called by Agriculture Minister Roger Clarke (Note: Clarke himself is a former sugarcane farmer. End note.) Responsibility for SCJ returned to the Ministry of Agriculture on Monday from the Ministry of Finance. Septel will report in greater depth on the industrial unrest at the sugar factories, and the political machinations behind the industry's return to the Ministry of Agriculture.

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Replacement MOU Stalled  
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16. (SBU) Despite an all out effort, Ministry of Finance officials might not be able to negotiate a replacement MOU before Finance Minister Omar Davies makes his budget presentation on April 27. The process was delayed after trade unions again expressed disapproval with the proposed 20 percent cap on salary increases. Ennis, who had previously been pessimistic about a new contract, is now confident that one could be concluded soon. In fact, he told emboff that once the Nurses Association and the Jamaica Labor Party (JLP)-affiliated Bustamante Industrial

Trade Union (BITU) can be satisfied, a new document will be in place. However, Acting Senior Director of the Ministry of Finance's Fiscal Policy Management Unit, Courtney Williams - who had expected a smooth transition to a new MOU - is now skeptical about getting an agreement in place in the near future.

17. (SBU) Williams noted that several unions, led by the BITU, calculated that they could negotiate a better contract independently. He noted that this was a real possibility, given that the police union took this approach last year and negotiated a significantly better deal than the rest of the public sector. He further noted that there was strong political pressure being applied to Dwight Nelson of the BITU. (Note: Nelson, a JLP Senator and Shadow Minister for Information, was blamed for negotiating the last MOU, which JLP supporters believe was responsible for helping the ruling People's National Party out of a fiscal rut. End note.) Additionally, bauxite employees have already received substantial increases (reftel), setting the stage for the rest of the labor force. Union leaders, who have openly welcomed the administration of Prime Minister Portia Simpson-Miller, are also hoping that if negotiations are protracted then the "caring" Simpson-Miller will intervene on behalf of workers.

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Comment  
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18. (SBU) A ruling by the Industrial Disputes Tribunal should bring an end to the action at JAMALCO, but the industrial relations climate is unlikely to settle any time soon. A new MOU with the public sector will not be an easy task given the high expectation of public sector workers, who have received paltry increases in the last two years, amid high inflation. Both workers and trade unions have also noted the pro-labor role of Simpson-Miller in a West Indies Aluminum Company dispute and might draw out their negotiations in order to get her intervention in the process. Still more labor turmoil is likely from workers in the private sector, who also accepted lower increases during the period of the MOU. These workers are aware of the crippling effects of work

KINGSTON 00000748 003 OF 003

stoppages on the bottom line of these companies and have not been afraid to utilize this tactic in the past. End comment.

JOHNSON